COVID-19 reopen and recovery:

Insights from employers and consumers

Summary of findings

July 22, 2020

Business Roundtable would like to thank knowledge partner McKinsey

Overview of the effort

Illinois

Aon, Greg Case

Walgreens, Stefano Pessina

Maryland

Marriott, Arne Sorenson

McCormick, Lawrence Kurzius

Texas

ConocoPhillips, Ryan Lance

Dell, Michael Dell

Vista Equity Partners, Robert Smith

Goals

Understand and share national and state-level (IL, MD, TX) perspectives on:

- Consumer concerns, needs, and behaviors on engaging in the economy
- Actions that could make employees feel safer at their places of work and what employers are considering
- Employers' priorities and needs to navigate COVID-19

Approach

Consumer survey[1]: ~1,800 responses nationally

Employer survey[2,3]: 600+ responses nationally across small, medium, and large businesses

Employer interviews: 32 interviews with company executives leading their companies' COVID-19 responses. Interviewed executives represent 1.5+ million US-based employees[4]

1. Consumer survey: June 1-8, 2020
2. Employer survey: June 4-12, 2020
3. Employer survey did not include Business Roundtable member companies
4. Interviews included Business Roundtable member companies as well as other employers

Key findings

1 What are consumer concerns, needs, and behaviors to engage in the economy?

2 What actions could make employees feel safer at their places of work and what are employers considering?

3 What are employers' top priorities and needs?

Widespread strain and uncertainty

- 75% of consumers report moderate to high distress, Hispanic population 10 percentage points higher
- 52% of consumers report anxiety / depression

Varied return to in-person activities

- 60%+ of consumers are already visiting grocery and drug stores in-person
- 25% not planning to resume discretionary activities (e.g. hotel, travel, bar, cruise, etc.) until a vaccine available

No single safety measure makes consumers feel safe

- COVID-19 vaccine highest at 60% of respondents followed by effective drug treatment at 59%
- Masks third-most selected out of ~20 factors at ~50%

Source: June 1-8, 2020 COVID-19 Consumer Survey, June 4-12 COVID-19 Employer Survey

1 Widespread impact of COVID-19 on mental health

Distress

75%

Consumers reported moderate or high distress due to COVID-19

80%+

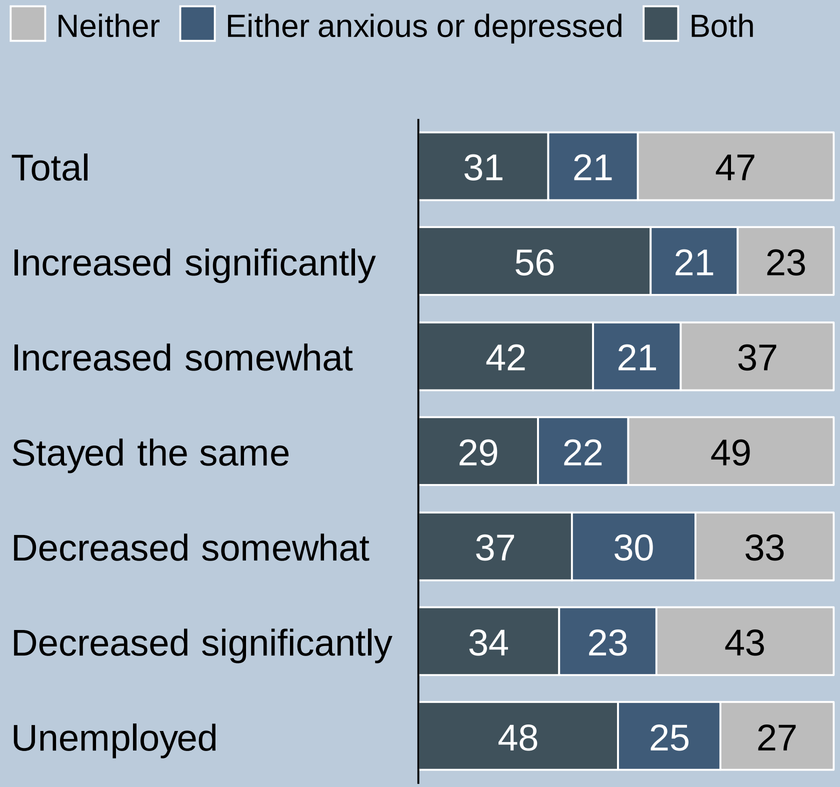
Urban consumers reported moderate or high distress compared to rural (67%)

84%

Consumers in frontline or technical services jobs reported moderate or high distress

Respondents reporting feeling anxious or depressed over the past week by change in working hours

% of respondents (n=1795)



"Although our workforce has been more productive than ever, mental health and wellness of our employees has suffered"

"Every week our executive team talks about wellness…we had a wide-range of [mental health] benefits, but many employees did not know about them before. Now, we promote them"

Source: June 1-8, 2020 COVID-19 Consumer Survey, QFEEL2a: Please indicate your level of distress related to the Coronavirus/COVID-19 pandemic (10-point scale from least distressed to most distressed; "High" is 8-10, "Moderate" is 4-7, and "low" is 1-3), QFEEL_COMB: Over the past week have you felt anxious and / or depressed? QEMP5: Since the Coronavirus / COVID-19 began impacting the US, has the number of hours you have worked increased, decreased, or stayed the same?

1 COVID-19 impact differs by population

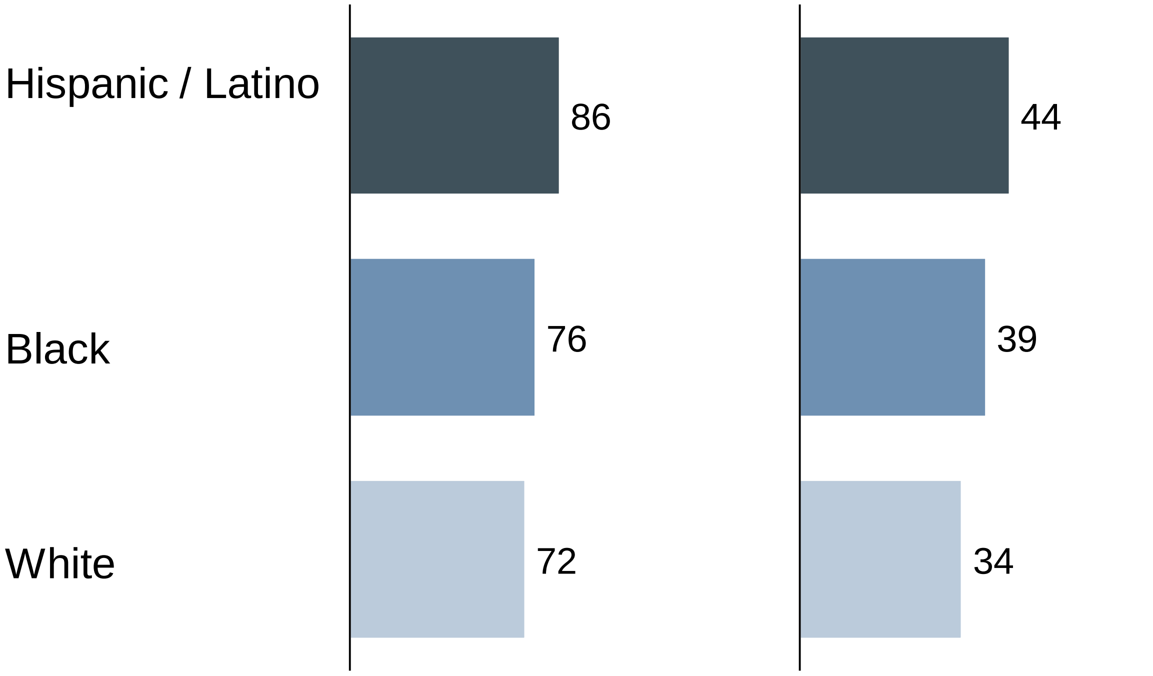
Minorities are feeling more negative effects of COVID-19…

Distress (moderate to high) level[1]

% of respondents

2020 jobs at risk[2]

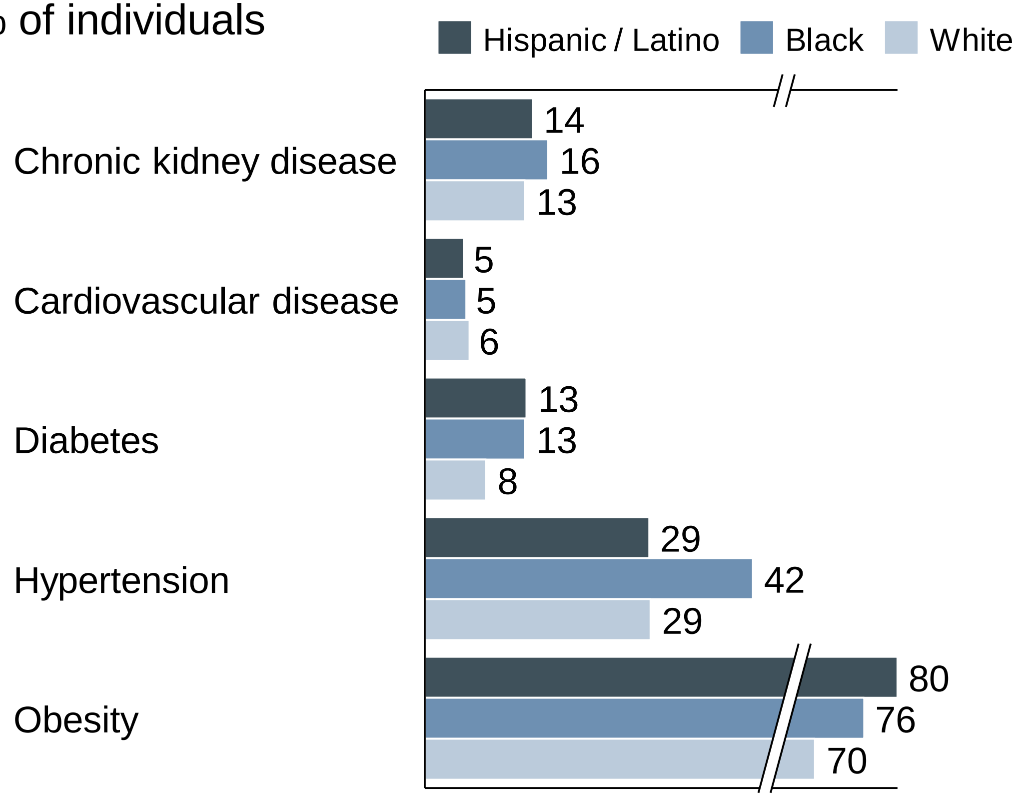
% of jobs



…and have higher prevalence of conditions that can exacerbate COVID-19

Health conditions that exacerbate COVID-19 effects[3]

% of individuals



1. From June 1-8, 2020 COVID-19 Consumer Survey
2. McKinsey Global Institute Analysis
3. CDC

Source: Centers for Disease Control and Prevention; McKinsey Global Institute analysis, US Bureau of Labor Statistics; National Center for O*NET development; HHS Office of Minority Health; https://covidtracking.com/race, June 1-8, 2020 COVID-19 Consumer Survey, QFEEL2a: Please indicate your level of distress related to the Coronavirus / COVID-19 pandemic (10-point scale from "least distressed" to "most distressed"; "high distress" is 8-10, "moderate distress" is 4-7, and "minimal distress" is 1-3)

1 Parents reported higher levels of distress, and women expressed less comfort resuming daily activities than men

Parents reported higher distress and childcare needs to return to work

10

Percentage points increase in levels of high and moderate distress for respondents with children in household (81%) compared to those without children in household (71%)

47%

Employed parents with children cited childcare as an important enabler to feeling comfortable returning to work

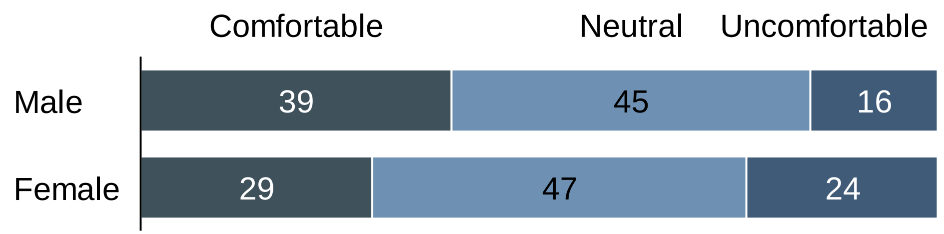
Women reported similar levels of distress as men and less comfort resuming daily activities

~30%

Employed men and women indicating high levels of distress

10

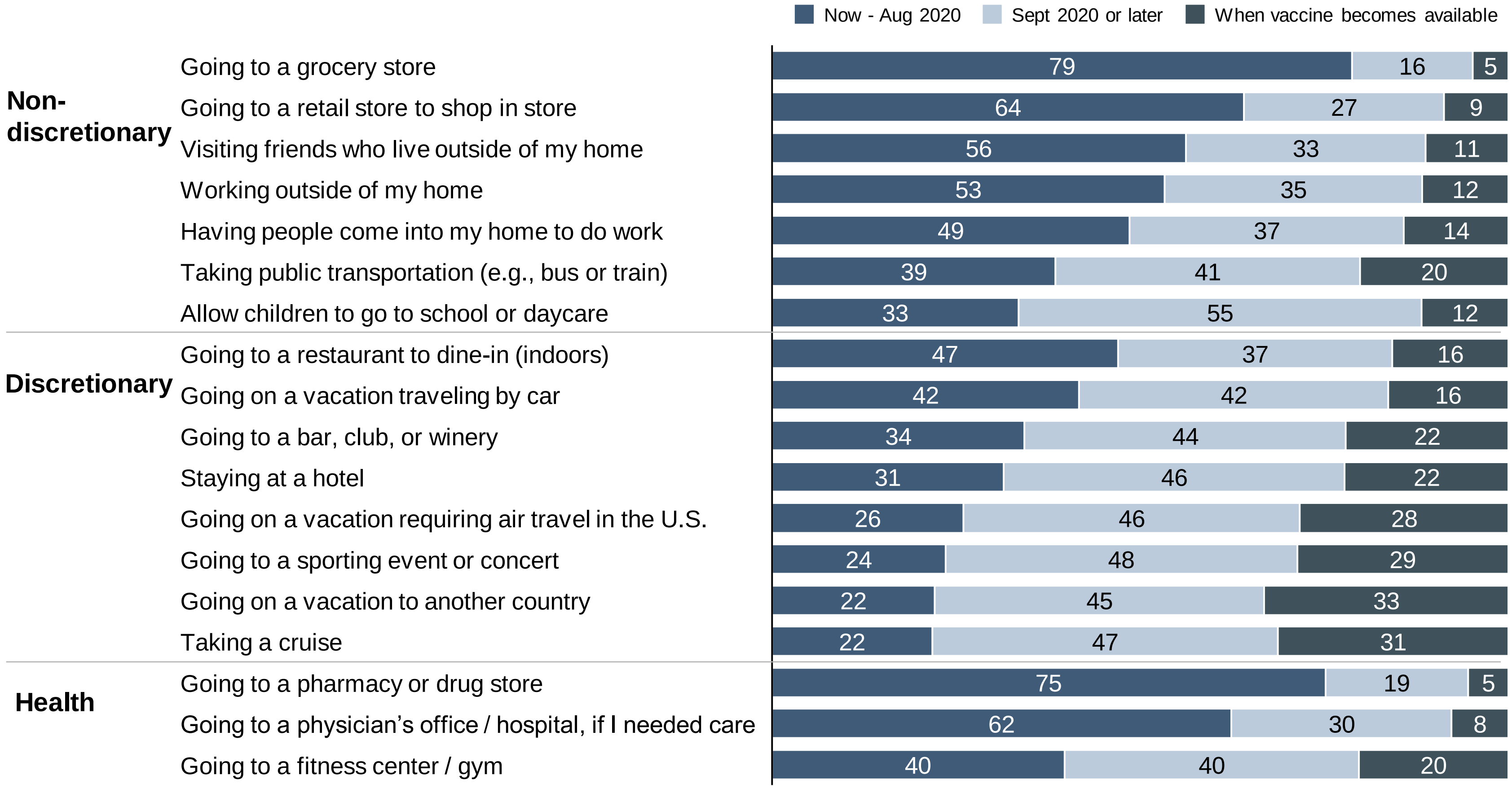
Percentage points fewer women feel comfortable returning to daily activities compared to men



Source: June 1-8, 2020 COVID-19 Consumer Survey, QFEEL2a: Please indicate your level of distress related to the Coronavirus / COVID-19 pandemic (10-point scale from “least distressed” to “most distressed”; “high distress” is 8-10, “moderate distress” is 4-7, and “minimal distress” is 1-3), QRESUME2: How soon do you expect to be able to do the following activities, QEMP_SAFE2: Please rate each of the measures that would make you feel safe for going to work in-person (10-point scale from “would not make me feel safer being at work” to “would make me feel safer being at work”; 8-10 is “make me feel safe”), QFEEL4: Please indicate how comfortable you would feel resuming your normal daily activities today (10-point scale from “extremely uncomfortable” to “extremely comfortable”; “extremely uncomfortable is 1-2, “somewhat uncomfortable” is 3-4, “neutral” is 5-6, “somewhat comfortable” is 7-8, “extremely comfortable” is 9-10)

1 Most consumers are re-engaging in essential activities but are delaying non-essential ones

Expected timeline to resume relevant activities
% respondents selecting each timeframe (sample size varies)



Some demand potentially not returning until a vaccine is available without increasing customer comfort and / or changing business model

60%+

are already shopping in person at grocery and drug stores

~30%

Would delay vacation, cruises, sporting events, or concerts

1. Total respondents vary across activities (n=495-1,732), excludes those who say activity is not relevant to them or never plan on doing activity

Source: June 1-8, 2020 COVID-19 Consumer Survey QRESUME2. How soon do you expect to be able to do the following activities

1 Consumers are likely to change certain behaviors longer-term

Respondents strongly agreeing or agreeing with the statements,
% of respondents

70%

Shop online more now and expect continue to do so

74%

Likely to schedule future telehealth visit

64%

Will participate in more digital activities

87%

Will be more conscious about cleanliness when out in public

> *We went to contactless virtually overnight*

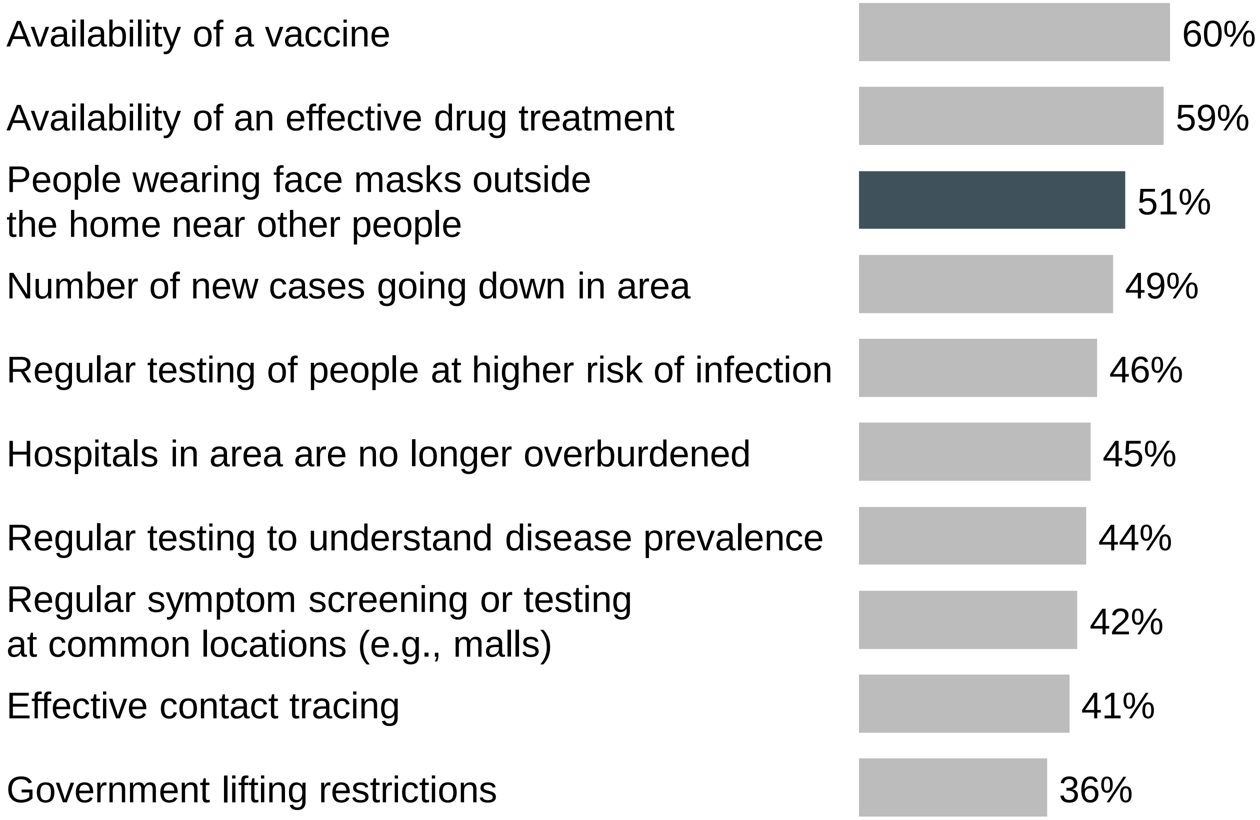
> *We have seen 2 years' worth of digital transformation in two months*[1]

> *We now incorporate our advanced cleaning procedures into our store evaluation criteria and audit*

Source: June 1-8, 2020 COVID-19 Consumer Survey, QCON_ATT: How strongly do you agree or disagree with the following statements? (4-point scale from "strongly disagree" to "strongly agree"; "strongly disagree" is 1, "disagree" is 2, "agree" is 3, "strongly agree" is 4). McKinsey COVID-19 Consumer Survey, 6/8/2020

1 Attitudes toward masks

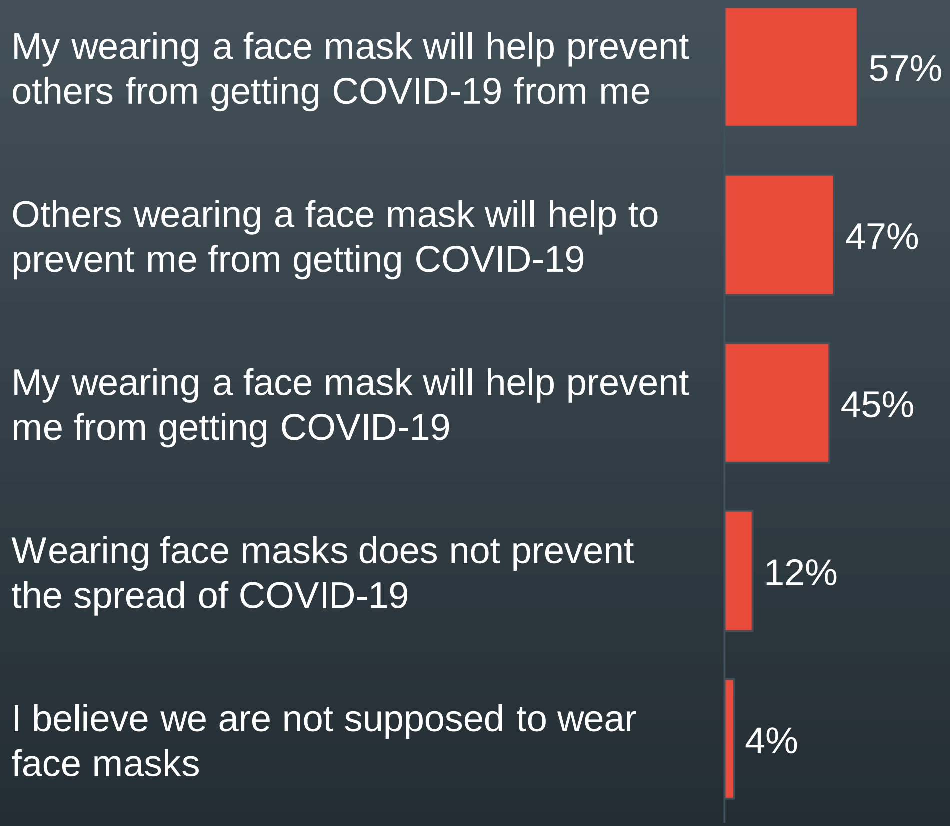
Top 10 factors that make consumers feel safer returning to pre-COVID-19 interaction levels[1]
% respondents (n=1,795)



1. Question asked respondents to provide response to 20 factors

Source: June 1-8, 2020 COVID-19 Consumer Survey

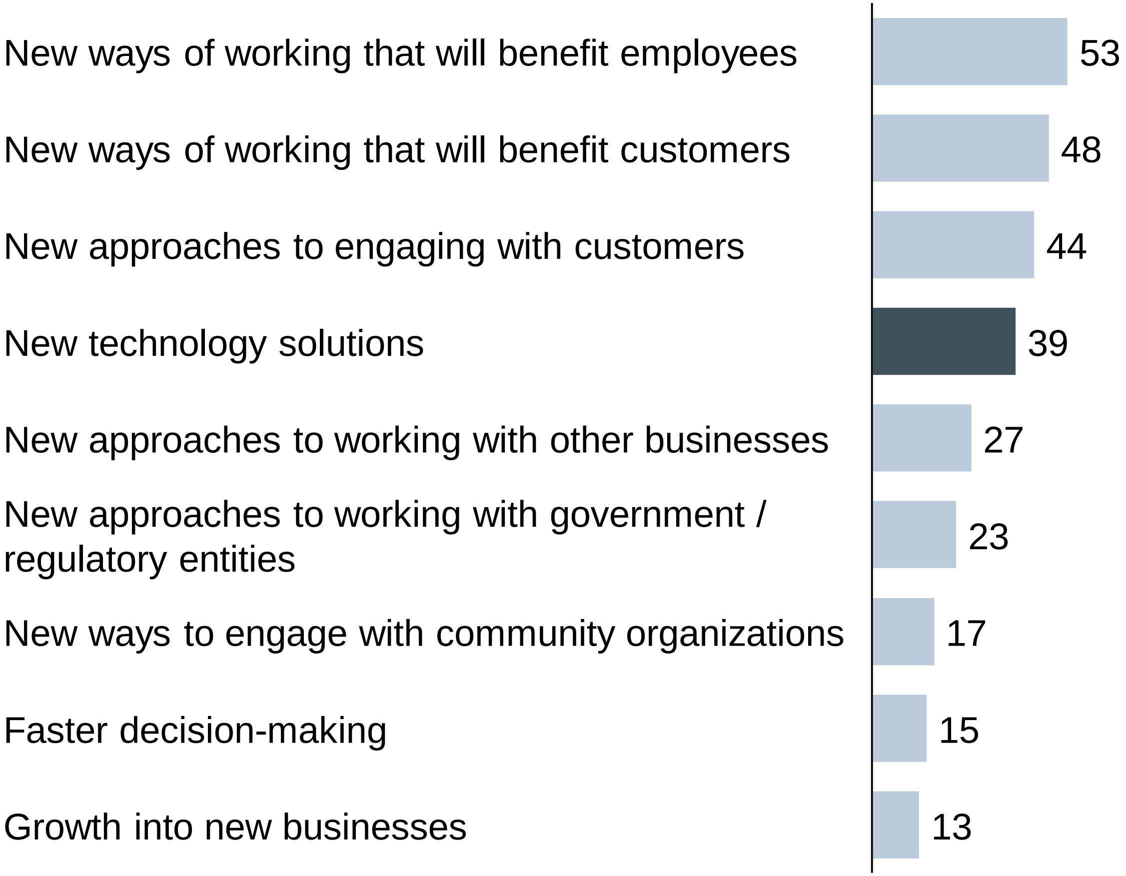
Mask wearing
Overall level of agreement with statements
% respondents (n =1,795)



1 Majority of employers have implemented new ways of working in response to customer and employee needs

Implementation of solutions in response to COVID-19

% of respondents (n=606)



Source: June 4-12, 2020 COVID-19 Employer Survey, QSOLUTIONS: What, if any, innovative solutions have you put in place due to COVID-19 that you believe will enhance your companies longer-term performance?, QSOLWHAT: What innovative solutions have you put in place?, QLEADERS: Which companies do you think have managed COVID-19 particularly well? What have they done well?

Breakdown of top solutions by size of company

Top rated solutions for small businesses

- New ways of working that will benefit customers (51% vs. 48% overall)
- New approaches to engaging with customers (50% vs. 44% overall)
- New ways of working that will benefit employees (43% vs. 53% overall)

Medium and large companies have similar responses to overall

20

Percentage point difference between small companies and large companies on new technology solutions; small is 25%, medium 31%, and large 45%

Key findings

1 What are consumer concerns, needs, and behaviors to engage in the economy?

2 What actions will could employees feel safer at their places of work and what are employers considering?

3 What are employers' top priorities and needs?

Broad alignment between employers' actions and employee needs

- 50%+ employers implemented distancing measures, masks, cleaning
- Top safeguards employees say make them feel safer are the same: cleaning, distancing, masks

Reimagining careers and culture

- 65%+ employees who work from home enjoy doing so
- 45% work-from-home employees expressed concern that remote work will limit their career trajectory and time spent with boss

Schools / childcare and public transit important for return to work

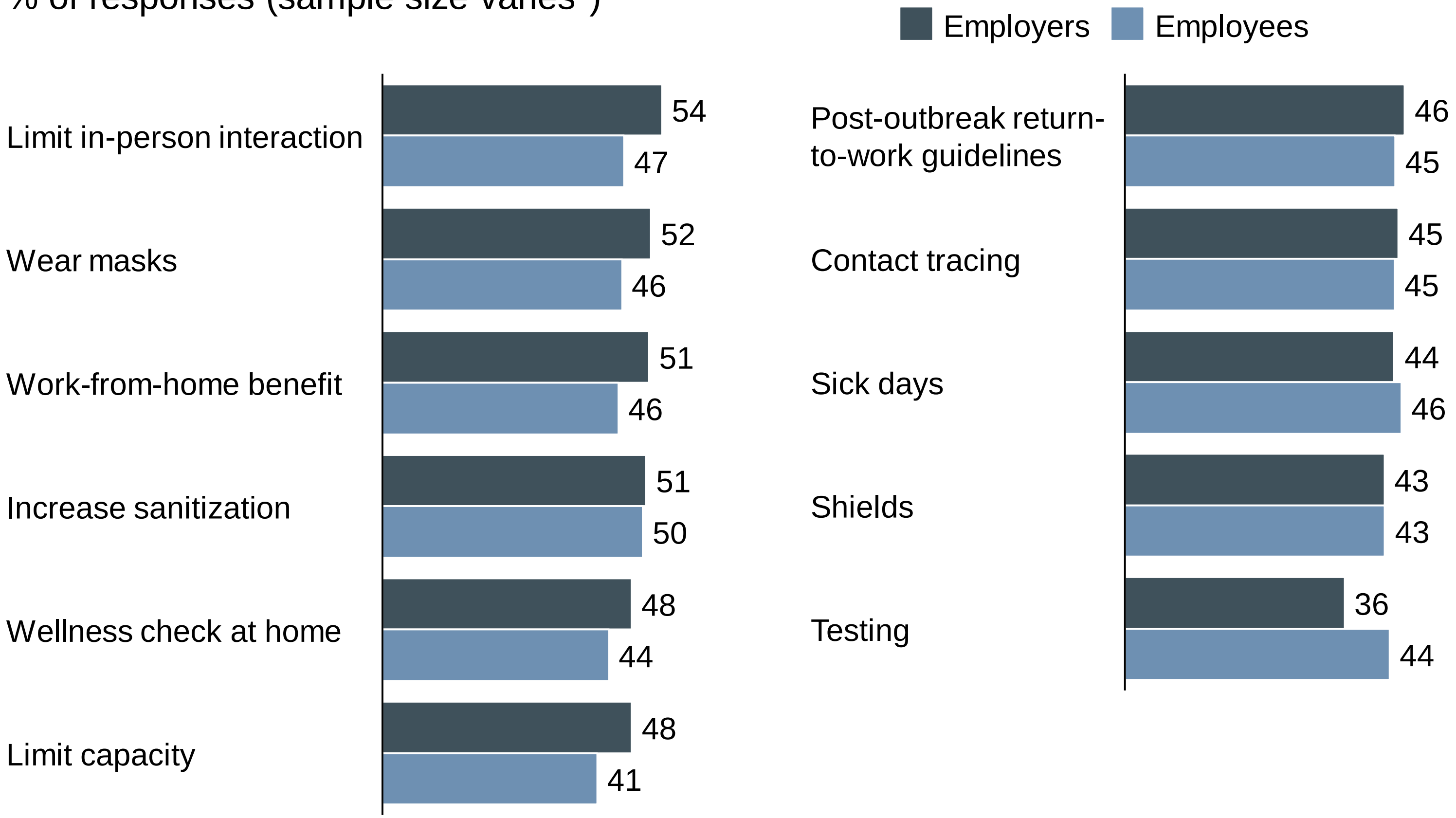
- 24% of employees would struggle returning to work sites if schools / daycare only partially re-open
- 35% of employees need safe public transit in order to return

Source: June 1-8, 2020 COVID-19 Consumer Survey, June 4-12 COVID-19 Employer Survey

2 Employers are implementing what employees indicated makes them feel safer at work sites

Employers reporting safeguard measure implemented compared to employees indicating measure would make them feel safe going to work in-person

% of responses (sample size varies[1])



Source: June 4-12, 2020 COVID-19 Employer Survey, QSAFEOFFER: Which of the following changes has your company made or are planning to make at each worksite to protect your employees' health or customers' safety?, June 1-8, 2020 COVID-19 Consumer Survey, QEMP_SAFE1: Please rate each of the measures that your employer could take to make you feel safe for going to work in-person (10-point scale from "would not make me feel safer being at work" to "would make me feel safer being at work"; 8-10 is "make me feel safe")

BASED ON CURRENTLY AVAILABLE INFORMATION FOR CONSIDERATION AND NOT SPECIFIC ADVICE

"Our three most important safeguards are mandatory masks, physical distancing, and proper hygiene"

"Every employee must wear a mask in the office and get a temperature check"

"We want to avoid creating a false sense of security and having employees not wear masks"

"Our philosophy is that we should do testing to build employee confidence as they return to work"

2 Employee sentiment toward working from home

Work from home became more common…

60%

Employed respondents report working from home or part time since COVID-19 started

47%

Employers that began offering work-from-home due to COVID-19

…and while employees expressed positive sentiment toward working from home…

68%

Enjoy working from home

65%

Company's technology makes working from home a seamless experience

…they also identified potential challenges regarding talent and culture

46%

Respondents who work from home are concerned about not seeing their boss as much as they used to

45%

Think working from home limits their career trajectory

> *"With work from home our productivity is up and commutes are gone. It's better for recruiting and retention. People like it. Why return to the status quo?"*

Source: June 1-8, 2020 COVID-19 Consumer Survey, QEMP_ATT: How strongly do you agree or disagree with the following statements? (10-point scale from "strongly disagree" to "strongly agree"; "agree" is 4-5), June 4-12, 2020 COVID-19 Consumer survey, QWFH_TENURE: How long has your company offered work from home opportunities?, QWFH_TENURE2: How long do you expect your company will continue offeing work-from-home opportunities for most employees?

2 Companies have differing views on the office's role pre-vaccine

Remote-first ⟷ *Office-first*

Philosophy and overview	**Only essential roles** work in the office; others continue work-from-home Redesigned processes and work transitioned to home setting	**Functions benefiting from on-site interaction** are brought back to improve productivity Some roles remain fully remote to protect those on site from COVID-19 transmission	**All employees have combination** of in-person and remote work days Employees visit the office regularly but at a decreased frequency	**Complete return to office**, with safeguards and flexibility in place Return subject to capacity constraints Continued flexibility on work-from-home policy

Quotes

> *"We actually don't want people coming back because we want to avoid getting the few truly essential office workers sick"*

> *"We are planning to bring our people back – within safety recommendations – because it's important for our culture"*

Source: Business Roundtable employer interviews in June and July 2020

2 Some employers report not only reconfiguring their work sites, but also redefining how to do work and the office's role

Example employer approach:

Determine how work is done

Identify which activities to conduct on site

Balance company cultural and talent development goals with digital

Design new processes digitally

Segment roles based on ability to work remotely

Segment individuals by ability to work virtually and frequency of office attendance

Redesign the workspace

Redesign workspace to support activities done in person (e.g., collaboration)

Adjust footprint to revised needs

Determine how much and what types of office space (e.g., flex space, satellite, main campus)

Distribute departments to reduce risk from local transmission on operations

> *"On the other side of this, it might not be the typical 5 days a week of sitting at your desk"*

> *"Our redesign may entail a more open layout, with several book-able spaces for teams to work onsite when they need to"*

Source: Business Roundtable Employer Interviews in June and July 2020

2 Employers report making changes to support their talent and reinforce their culture

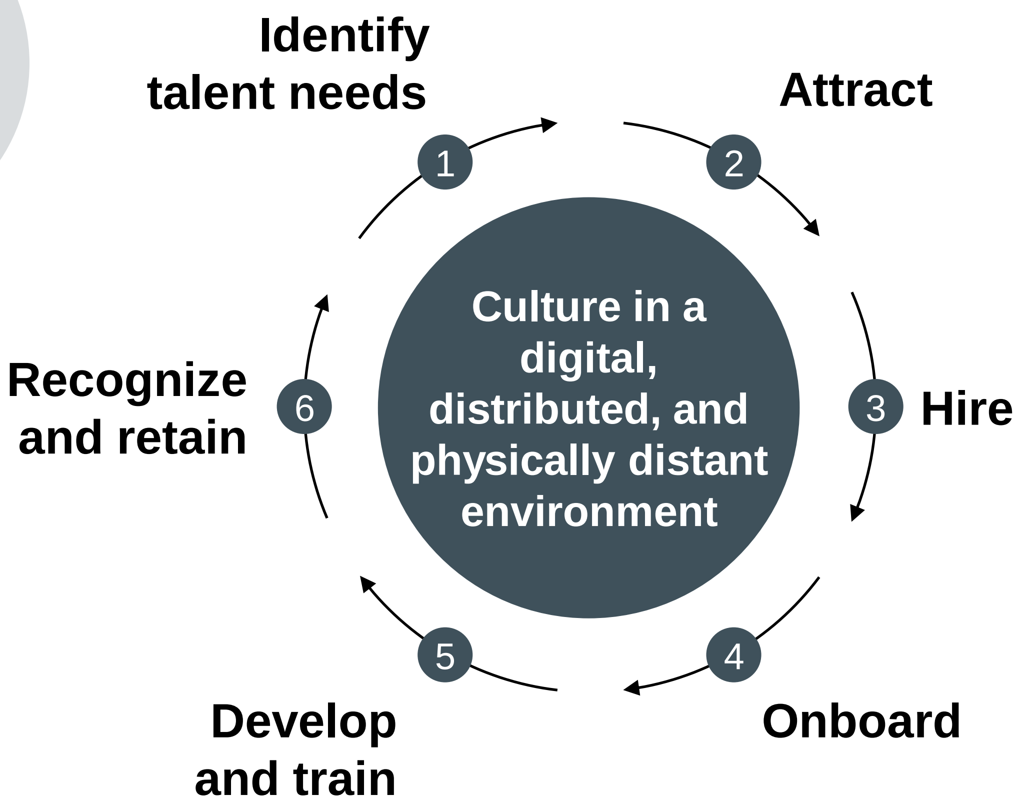
"We created new roles to help reinforce distance"

"We needed new roles focused on delivery"

"We've made a cultural push "to make daily interruptions normal and encouraged"

"We re-trained our frontline people to call center reps"

"We've re-trained some of our HR teams to do contact tracing"



"I can source from anywhere…but how do I interview remotely"

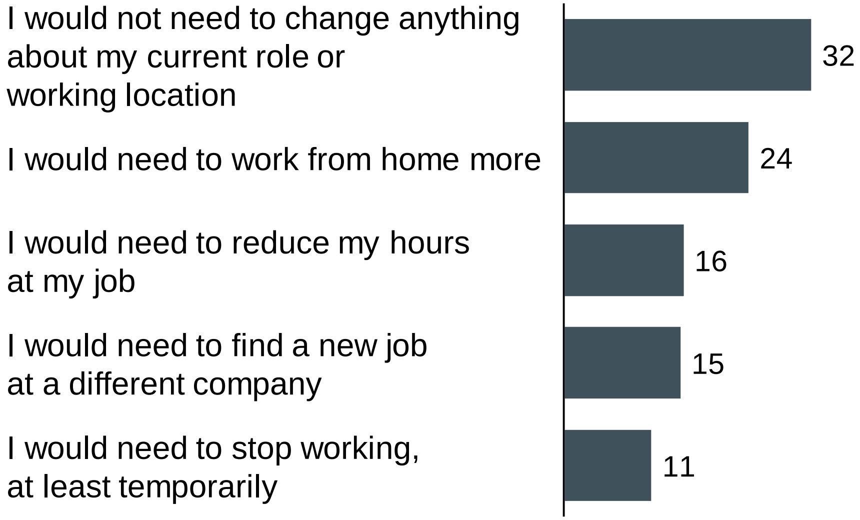
"The hiring process is faster given you don't need people to be in person"

"Within two months we transitioned all of our training to virtual"

Source: Business Roundtable employer interviews in June and July 2020

2 Parents may need new working models if schools / daycare only partially re-open (2-3 days / week)

Employees with children[1] may need to make a change in work patterns



Parents with children aged 3-12 more frequently indicated that they would need to work from home more (30%) compared to parents of children outside of this age range

Employers reported they could increase work from home, large companies more so

35%

Companies currently offering work from home indicated they would allow more work from home compared to 8% not currently offering work from home

21

Percentage point difference between large employers (36%) and small[2] (15%) reporting they would allow employees to work from home more

With potential employee reduction of hours (16%) and / or exiting (11%) the workforce without school reopening, companies may encounter talent and operations challenges

“If all our working parents don’t have a safe place for their children to be taken care of or educated because these places went out of business during lockdown, we have a major problem”

1. Approximately 33% of respondents indicated that their household includes a person under age 18 employees and smaller employers are 10-49 employees

2 Large employers are 500+

Source: Business Roundtable member interviews, Business Roundtable COVID-19 Consumer and Employer Surveys, QEMP_SCENARIO1: What, if anything would you expect to do this fall for the following scenarios? (Please select all that apply)

2 Public transit important for certain respondent groups

Respondents who identified safe and available public transit an important enabler for making them feel safe returning to work in-person…

Tend to be younger and male…

67%

Respondents under age 44

62%

Male respondents

…live in an urban setting with higher incomes…

54%

Respondents living in urban setting

45%

Respondents reported have incomes >$100K (self-reported)

…and are married with kids

67%

Married

>1

Have, on average, more than one kid in the household

Source: June 1-8, 2020 COVID-19 Consumer Survey, QEMP_SAFE2: Please rate each of the measures that would make you feel safe for going to work in-person. (Select all that apply) (10-point scale from "would not make me feel safer being at work" to "would make me feel safer being at work"; "Safe" is 8-10, "Neutral" is 4-7, "Not safe" is 1-3

Key findings

1 What are consumer concerns, needs, and behaviors to engage in the economy?

2 What actions could make employees feel safer at their places of work and what are employers considering?

3 What are employers' top priorities and needs?

Employers are prioritizing health, safety, and stability

- 50%+ ranked “protecting employees” and 38% rank “protecting customers” as a top 3 priority
- 37% ranked “ensuring customer loyalty” and “managing financial stability” as a top 3 priority
- 20% or less ranked “diversifying business”, “rebuilding supply chain”, and “workplace innovations” as a top 3 priority

Employers seek access to supplies and consistent guidance

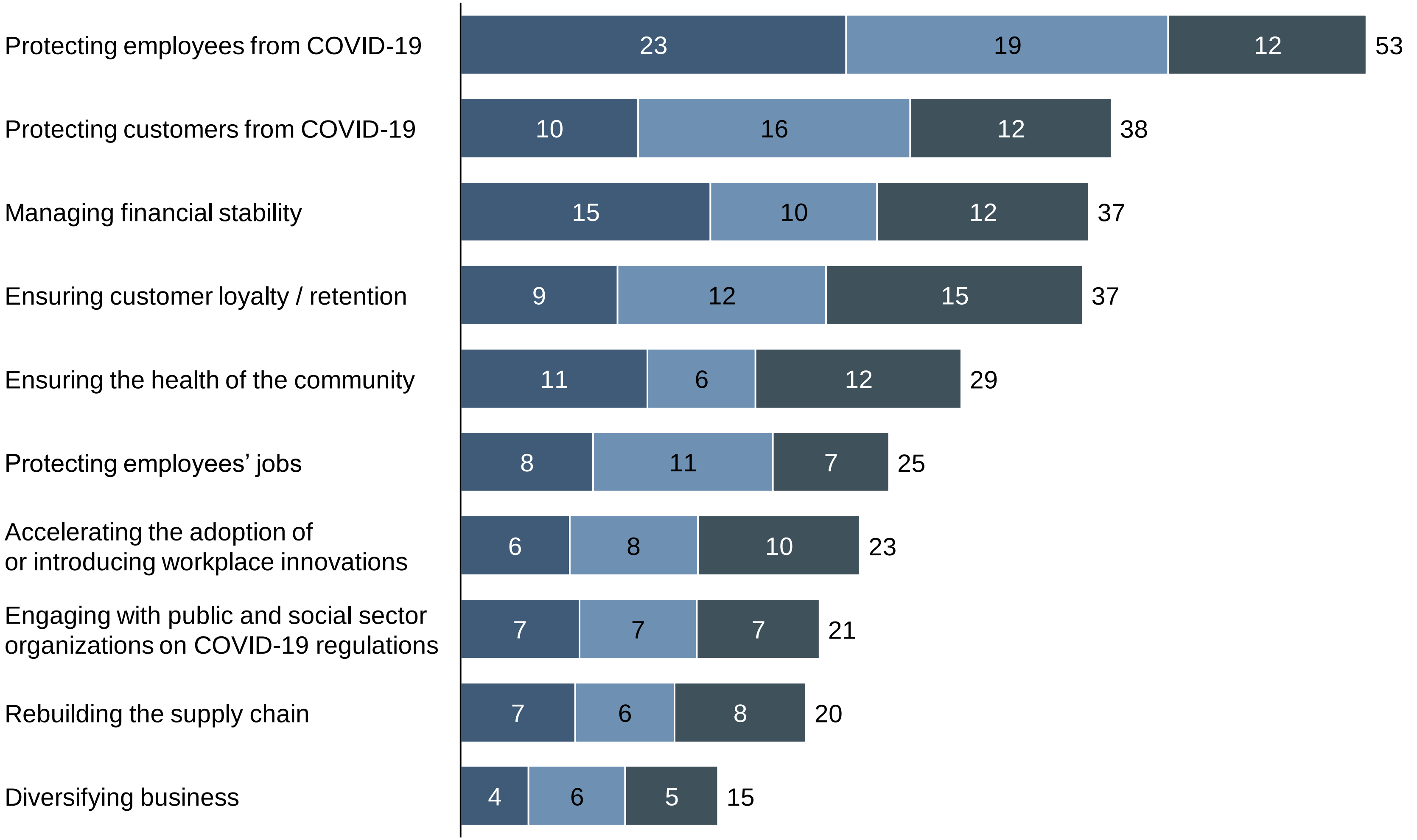
- 75%+ identified the need for increased access to safety supplies
- 75%+ looking for more standardization of safety requirements across geographies and more consistent guidance on policies and standards

Source: June 1-8, 2020 COVID-19 Consumer Survey, June 4-12 COVID-19 Employer Survey

3 Protecting employees and customers from COVID-19 is the top priority reported by employers

Companies' biggest priorities during COVID-19
% of respondents of rank =1-3, (n=606)

Priority 1 Priority 2 Priority 3



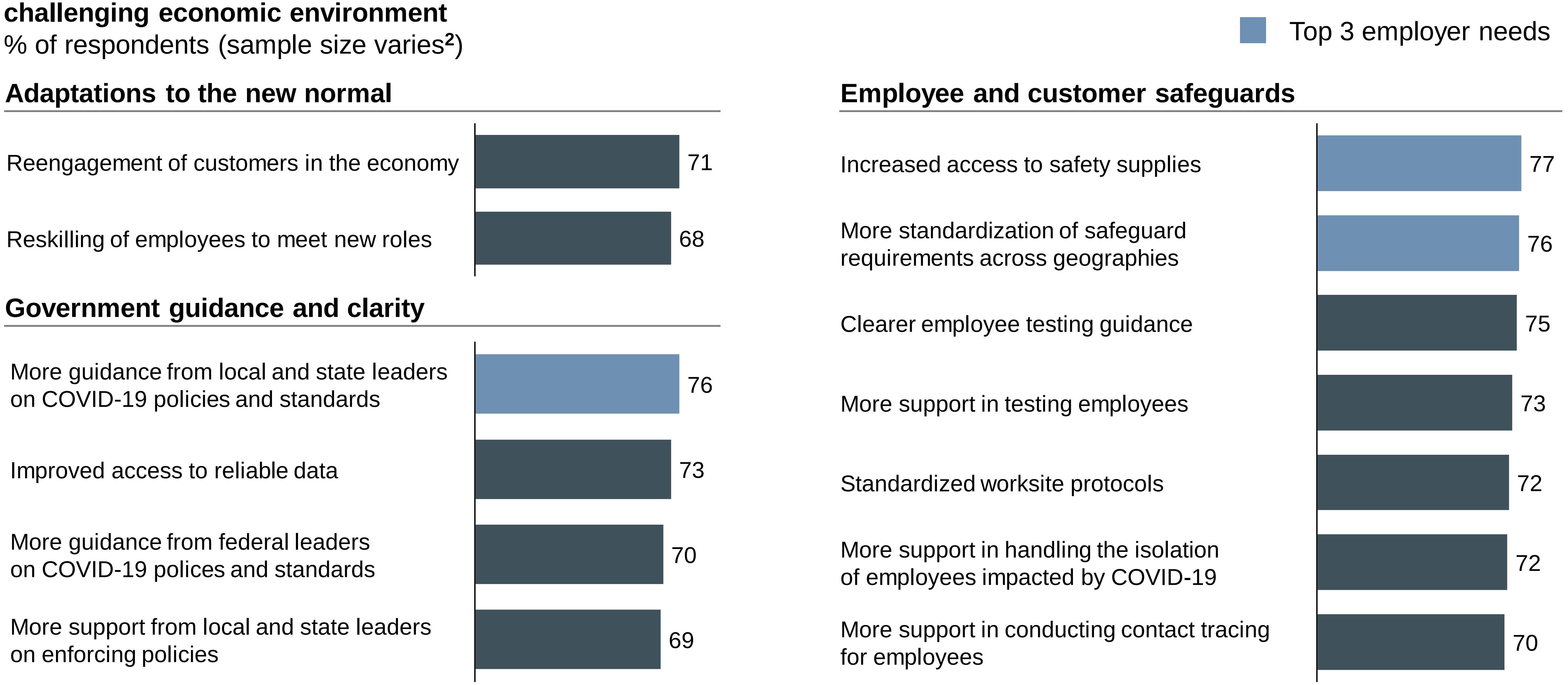
Source: June 4-12, 2020 COVID-19 Employer Survey, QPRIORITY: What are your company's biggest priorities?

Majority of respondents reported **protecting employees** from COVID-19 to be one of the top three priorities during the pandemic

“*First and foremost, our goal is to maintain the safety of our frontline workers and then our office workers as they return*”

3 Employers report needing safety supplies, standardized safeguards, and consistent guidance

Important[1] elements in helping companies be more successful through the COVID-19 health crisis and potentially challenging economic environment
% of respondents (sample size varies[2])



1. n = 320 - 563

Source: June 4-12, 2020 COVID-19 Employer Survey, QSUCCESS2: How important would these elements be to helping your company be more successful through the COVID-19 health crisis and potentially changing economic environment? (5-point scale from not important at all to very important; “Important” is 4-5, “Neutral” is 3, and “Not important” is 1-2)

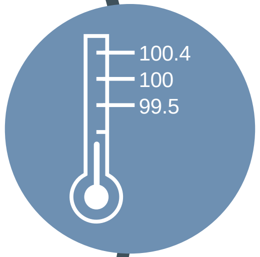
3 Clear, consistent, and accessible information can help streamline decision-making

Examples of how differences in local guidelines can be challenging to manage

Symptom check

Different standards, requirement levels (e.g., required, recommended, or not), and practices for what constitutes a symptom check

Symptoms in dispute include: fatigue, malaise, nausea, nasal congestion, and runny nose



Temperature checks

Definition of "fever" varies across states from 99.5 to 100.4, creating challenges for screening across locations; some states do not have a threshold

Data

Different definition for a reported case (e.g., confirmed cases, confirmed and probable, estimated active cases)

Differing metrics tracked (e.g., tests or antibody total plus serological total; ventilators; 5 day vs 7)

Variability in ability to download state data

> *"We track over a thousand measures across states, counties, and cities where we have locations"*

> *"We developed our own assessment tool to track measures and make sense of them"*

> *"We've had to decipher 10 different conflicting guidelines"*

Source: Business Roundtable employer interviews in June and July 2020, press searches, state departments of health (various) and CDC Guidance

3 Several employer partnership archetypes

	Local best practice sharing	Cross-sector knowledge and credibility-building	Cross-sector talent exchange	Help for most vulnerable companies
Description	Convene local groups to coordinate plans, share approaches, and align stakeholder requests	Partner across sectors to bring credibility and new standards that build customer trust	Share furloughed or laid-off talent across sectors to meet skill and / or customer demand needs	Support small and medium businesses in local region Pool PPE purchasing Provide reopen guidance, financial support
Example	Aon-led consortium in Illinois to share best practices and coordinate requests to government groups	United Airlines cleanliness collaboration with Cleveland Clinic and Clorox	CVS Health hiring furloughed employees from 60+ partner organizations (e.g., Marriott, Hilton) to serve in customer service, distribution centers, home delivery, and stores; hires could translate shared skills (e.g., hotel front desk to customer service role)	Dallas Forward, a public-private partnership between large and small companies to assist small and medium-sized businesses with economic recovery

Source: https://dallasforward.org/; cvshealth.com

Stepping back: key takeaways

1. **High levels of distress and anxiety** across populations underscore need for focus on mental and physical health

2. **Limited variation across states**, though greater differences exist when looking at specific segments of individuals and companies

3. **Alignment between safeguards employers are implementing and factors employees** say makes them feel safer

4. **Broad set of measures needed** to make consumers feel safer returning to in-person activities

5. **Companies want more consistent guidance** and harmonized safety practices and standards

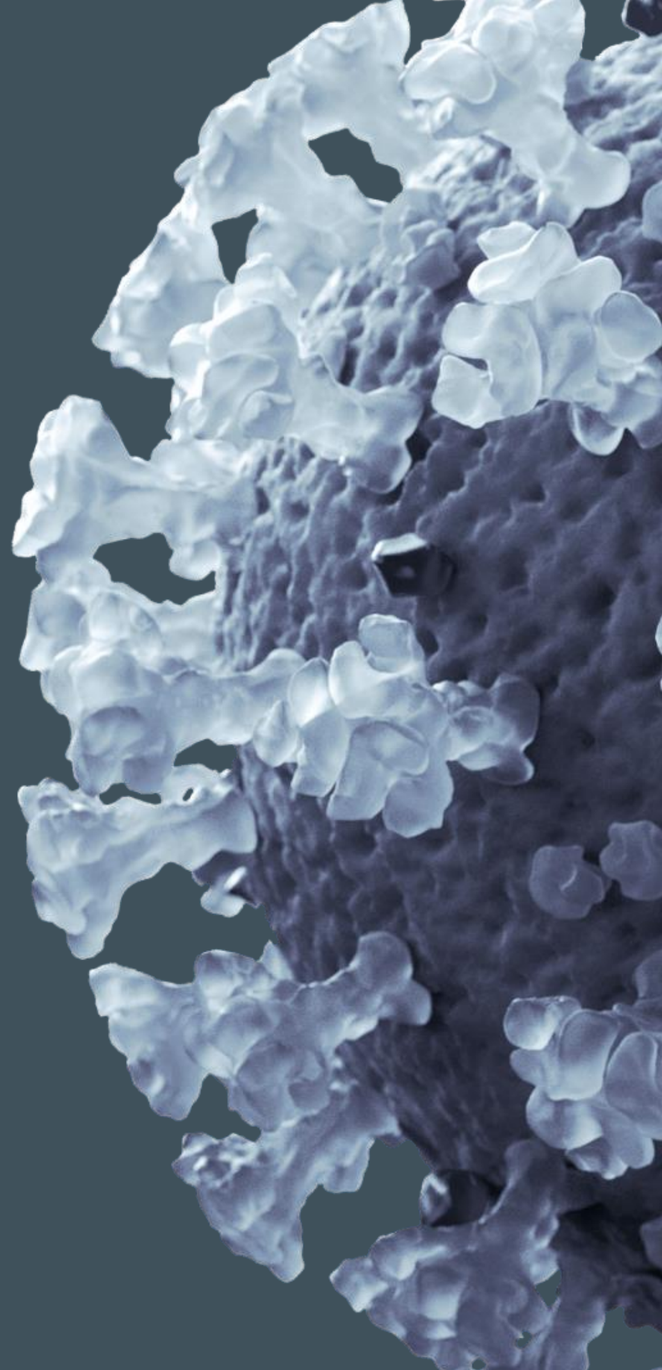
Source: June 1-8, 2020 COVID-19 Consumer Survey, June 4-12 COVID-19 Employer Survey

COVID-19 is, first and foremost, a global humanitarian challenge.

Thousands of health professionals are heroically battling the virus, putting their own lives at risk. Governments and industry are working together to understand and address the challenge, support victims and their families and communities, and search for treatments and a vaccine.

This document is meant to help with a narrower goal: provide a fact base for understanding what consumers and employers are doing, thinking, and planning regarding COVID-19 recovery and re-opening

For all formal guidance, you can find **up-to-date information at CDC's COVID-19 website**: https://www.cdc.gov/coronavirus/2019-nCoV/index.html



REFERENCE

1 Consumer responses across states showed consistency

● Higher than national average ● Within +/- 5 percentage points of national average ● Lower than national average

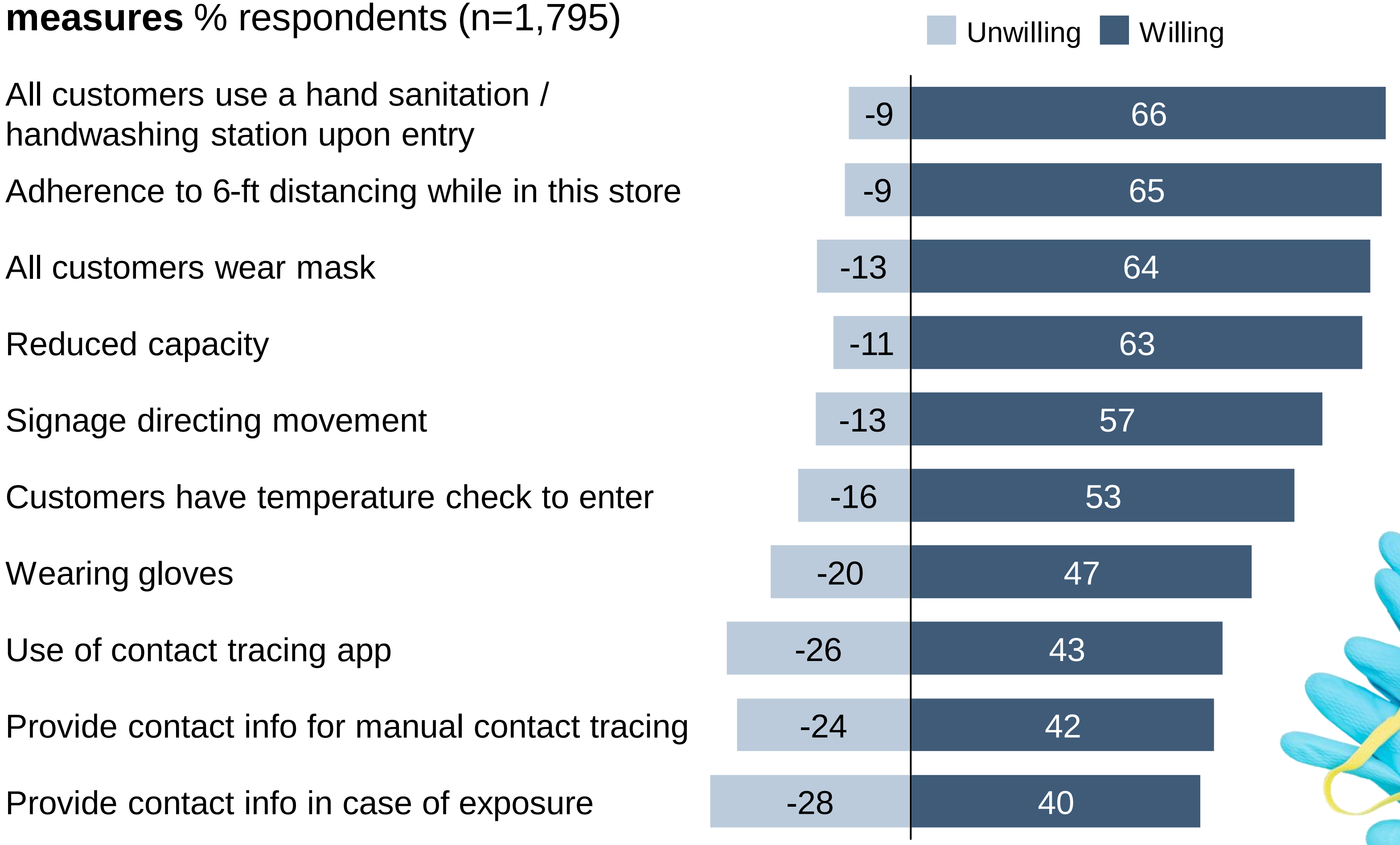
Group	Fact	National average (%)	Illinois (%)	Maryland (%)	Texas (%)
Consumers	Felt anxious over the past week	47	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average
	Shop online more	68	Within +/- 5 percentage points of national average	Higher than national average	Within +/- 5 percentage points of national average
	Masks make respondents feel comfortable returning to in-person activities	51	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average
Employees	Don't miss commute	72	Lower than national average	Within +/- 5 percentage points of national average	Higher than national average
	Love working from home	68	Lower than national average	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average
	Company's technology makes working from home seamless	65	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average	Higher than national average
	Miss seeing clients/ colleagues in-person	57	Within +/- 5 percentage points of national average	Lower than national average	Lower than national average
	Think working from home limits career trajectory	42	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average
	Too many distractions when working from home	40	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average	Within +/- 5 percentage points of national average

While state-level differences exist, there are many similarities across states

Source: June 1-8, 2020 COVID-19 Consumer Survey, June 4-12, 2020 COVID-19 Employer Survey

1 EXAMPLE: Respondents indicated that sanitization and social distancing could increase willingness to shop or dine in stores or restaurants

Customer willingness to shop or to dine-in at restaurants based on select safety measures % respondents (n=1,795)



Focus is on visible signs of comfort related to sanitation, distancing, and masks

Results are similar for retail / grocery stores and drug stores

Source: June 1-8, 2020 COVID-19 Consumer Survey, QCOMPLY: Please assume you are going to a store to shop (e.g., for groceries, clothes, etc.) or to a restaurant. How would you feel if the store required….(5-point scale from "very negative - I would find a different store or restaurant to go to" to "very positive - I would be more likely to go to this store or restaurant"; 1-2 is "negative," 3 is "neutral," 4-5 is “positive”)